

THE

BAGGIE-PICHER

COMPANY

ANNALS REPORT
964

ANNALS REPORT

964

40117631



SUPERFUND RECORDS

009252

ANNUAL REPORT
FOR THE
FISCAL YEAR ENDED NOVEMBER 30, 1964



THE EAGLE PICHER COMPANY
CINCINNATI OHIO

THE EAGLE PICHER COMPANY

DIRECTORS

WILLIAM D ATTEBERRY	STANLEY R MILLER
ROBERT M COQUILLETTE	HAROLD F NUNN
LOUIS A FISHER	ARTHUR W SCHUBERT
DAVID M FORKER JR	T SPENCER SHORE
ALBERT E HEEKIN JR	GEORGE A SPIVA
CARL F HERTENSTEIN	WALTER P VOTH
WILLIAM H ZIMMER	

OFFICERS

T SPENCER SHORE	PRESIDENT
WILLIAM D ATTEBERRY	VICE PRESIDENT
JACK W BLANTON	VICE PRESIDENT
ROBERT M COQUILLETTE	VICE PRESIDENT
PHILIP D McMANUS	VICE PRESIDENT
HAROLD F NUNN	VICE PRESIDENT
WALTER P VOTH	VICE PRESIDENT
JAMES L WALKER	VICE PRESIDENT
RICHARD SERVISS	SECRETARY
JOHN C HEISLER	TREASURER
HAROLD E ANDERSON	COMPTROLLER
MELVIN F CHUBB	ASSISTANT SECRETARY
CHARLES S DAUTEL	ASSISTANT SECRETARY
CORBIN E SHOUSE	ASSISTANT SECRETARY
JOHN H WINCHESTER	ASSISTANT SECRETARY
ARTHUR C ZIMMERMAN	ASSISTANT SECRETARY

TRANSFER AGENTS Morgan Guaranty Trust Company of New York
 The Central Trust Company Cincinnati

REGISTRARS The Chase Manhattan Bank New York
 The Fifth Third Union Trust Company Cincinnati

THE EAGLE PITCHER COMPANY

TO OUR SHAREHOLDERS

Net profit of The Eagle Pitcher Company for the fiscal year ended November 30, 1964, amounted to \$4,311,088, equivalent to \$2.11 per share of common stock, compared with \$3,575,826 or \$1.77 per share for the preceding year.

Net sales for the 1964 fiscal year were \$130,674,203, compared with \$116,183,896 for 1963, an increase of 12.5%.

The Company's financial position at the year end was exceptionally strong, and its balance sheet portrays a materially larger company than a year earlier.

During the year, The Akron Standard Mold Company and the Davis Wire Corporation were acquired and became divisions of the Company. Results of The Akron Standard Mold Company are included in our statements for the last five months of the year, and those of the Davis Wire Corporation for the months of October and November.

Sales

Net sales for the fiscal year ended November 30, 1964, were the largest in the Company's

history and amounted to \$130,674,203, compared with \$116,183,896 for the previous year, an increase of 12.5%.

Earnings

Net profit for the 1964 fiscal year was \$4,311,088, equivalent to \$2.11 per share of common stock, compared with \$3,575,826 or \$1.77 per share for 1963. All divisions of the Company earned a profit in 1964, as was the case in each of the three preceding years.

Net profit before taxes in 1964 was \$7,611,088, compared with \$6,690,826 in 1963, a gain of 13.8%, which combined with lower taxes on income in 1964 resulted in an increase in net profit of 20.6%.

While earnings and profit margins in 1964 improved over the year before, the increase fell below expectations. Good gains were recorded in each of the first three quarters, but the fourth quarter was below the similar 1963 period. Strikes in the automobile industry in the closing months of the 1964 fiscal year had an adverse effect upon our results, and the economy generally.

SUMMARY OF RESULTS 1961-1964

YEAR ENDED NOVEMBER 30	1964	1963	1962	1961
NET SALES	\$130,674,203	\$116,183,896	\$116,005,658	\$109,894,704
PROFIT BEFORE TAXES ON INCOME	7,611,088	6,690,826	6,744,074	4,835,037
NET PROFIT	4,311,088	3,575,826	3,444,074	2,685,037
NET PROFIT PER COMMON SHARE	2.11	1.77	1.70	1.30

Balance Sheet

Shareholders net worth at November 30 1964 was \$55 771 052 equivalent after deducting preference stock at stated value to \$23 97 per common share compared with \$46 809 350 or \$23 16 per share at November 30 1963

Current assets at November 30 1964 aggregated \$53 816 761 compared with current liabilities of \$16 438 650 a ratio of 3 3 to 1

Cash and United States Government obligations including amounts deducted from the provision for federal taxes on income totaled \$13 291 788 at the 1964 year-end compared with \$8 038 066 at November 30 1963 an increase of \$5 253 722

Assets include \$1 300 000 cost in excess of book value of assets acquired the net amount arising from the acquisitions of Akron Standard and Davis Wire It is not planned to amortize this excess cost

Long term debt was increased by \$8 500 000 to \$18 500 000 at November 30 1964 the \$1 000 000 installment payable in 1965 is classified as a current liability

Preference stock of \$8 250 000 issued to Akron Standard shareholders appears on the November 30 1964 balance sheet for the first time

Deferred federal taxes on income increased \$700 000 during the year to \$2 500 000 on November 30 1964 This results from the use of

accelerated depreciation for tax purposes which exceeds the depreciation normally taken by the company this reserve will be used to offset federal income taxes payable in future years when depreciation charges for tax purposes will be lower than the charges made on the books and will tend to minimize fluctuations of earnings over a period of years

Dividends

Dividends of \$1 20 per share were paid on the common stock in 1964 the same rate as in the previous year

Dividends have been paid in each of the last 29 years and the one payable next March will constitute the 100th consecutive quarterly disbursement

Dividends were paid at the regular quarterly rate on the new preference stock

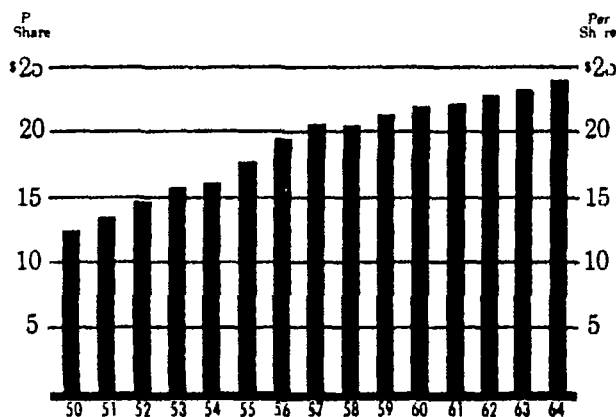
Acquisitions

A merger of The Akron Standard Mold Company into The Eagle Picher Company was approved by shareholders of both companies on June 30 and became effective on July 13 Eagle Picher exchanged 250 000 shares of \$1 40 Convertible Series A Preference Stock on a share for share basis for Akron Standard Common Stock The Series A Preference Stock has a stated value of \$33 per share is non callable until 1969 and is convertible into 275 000 shares of Eagle Picher Common Stock in the ratio of 1 1 common shares for each preference share

Akron Standard is the largest manufacturer of tire building drums and a leading manufacturer of tire molds and tire retreading equipment It also produces rubber processing machinery iron and steel castings aluminum precision castings and molds for mechanical rubber and fiberglass products Mr Walter P Voth President of Akron Standard became a Vice President and Director of Eagle Picher

On October 14 The Eagle Picher Company purchased for cash all of the capital stock of the Davis Wire Corporation of Los Angeles California This company is a leading manufacturer of steel wire and fabricated steel wire products

COMMON STOCK EQUITY



distributed on the West Coast principally in the Southern California area Mr James L Walker formerly Executive Vice President is now President of Davis Wire and a Vice President of Eagle Picher

New Financing

The Company has arranged to borrow \$15 000 000 by issuance of 4 $\frac{1}{8}$ % Promissory Notes due 1984 Of this amount \$9 500 000 of the Notes were sold on November 24 with the balance to be issued on the same basis and terms before September 30 1965 The proceeds will be applied as reimbursement of funds used in the acquisition of the Davis Wire Corporation for additional working capital and for other corporate purposes Repayment will commence in 1975 at which time the 3 $\frac{3}{4}$ % Notes maturing serially to 1974 will have been retired

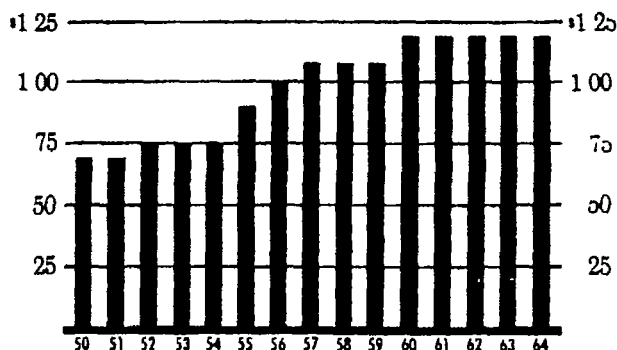
Directors and Officers

At the Annual Meeting of Shareholders in March Mr Robert M Coquillette and Mr Harold F Nunn Vice Presidents were elected Directors of the Company They replaced Mr William R Dice and Mr Carl A Geist who had reached retirement age each with over thirty five years of distinguished service with Eagle Picher Mr Jack W Blanton President of Fabiricon Products was elected a Vice President of the Company at the same time

It is with deep sorrow that we report the death on November 24 of Mr Albert J Hafendorfer President of Chicago Vitreous Corporation and Vice President of The Eagle Picher Company Mr Hafendorfer joined Chicago Vitreous in 1937 and was a highly esteemed member of our organization Mr LeRoy A Johnson who also joined Chicago Vitreous in 1937 and was serving as Executive Vice President has become President of the Division

Mr Louis A Fisher Chairman of Fabiricon Products resigned on December 31 1964 He was an able and respected member of our organization serving as President of Fabiricon Products from 1945 to 1963 He will be missed by his former associates throughout the Company

DIVIDENDS PER COMMON SHARE



Outlook

The Company enters 1965 with its operations more diversified than ever before with less than 15% of its estimated sales derived from any one industry The trend and level of metal prices which importantly affected earnings in past years should from now on be a factor of relatively minor influence upon overall results

We anticipate an increase in per share earnings in 1965 for the fourth consecutive year an expectation consistent with the outlook for business generally However the attempt being made to repeal Section 14(b) of the Taft Hartley Act thereby invalidating right to work laws enacted by various states is a disturbing factor If successful such action in our opinion would be harmful to the best interests of the Company its customers and particularly its employees and should be vigorously opposed

Our longer term optimism for the Company stems from its younger able and aggressive managerial personnel and the product development activities under way in all divisions

Spencer Shore

President

Cincinnati Ohio
January 25 1965

THE EAGLE-PICHER COMPANY

CONSOLIDATED BALANCE SHEET

ASSETS			
		1964	1963
CURRENT ASSETS			
Cash		\$10 491 788	\$ 5 549 524
U S Government obligations — at cost		—	583 088
Accounts and notes receivable less allowance for doubtful accounts \$296 490 and \$233 419		18 566 084	16 248 545
Inventories		23 805 941	18 703 702
Prepaid expenses		952 948	664 309
Total Current Assets		<u>53 816 761</u>	<u>41 749 168</u>
INVESTMENTS AT COST AND ADVANCES		1 500 677	1 226 614
PROPERTY PLANT AND EQUIPMENT — at cost less allowance for depreciation and depletion \$50 270 896 and \$48 007 408		35 778 092	24 587 132
DEFERRED CHARGES		1 402 053	1 339 168
PATENTS — at cost less amortization		740 332	846 638
COST IN EXCESS OF BOOK VALUE OF ASSETS ACQUIRED		<u>1 300 000</u>	—
		<u>\$94 538 115</u>	<u>\$69 748 720</u>

The accompanying notes are a

AND DOMESTIC SUBSIDIARIES

S AS AT NOVEMBER 30 1964 AND 1963

LIABILITIES		1964	1963
CURRENT LIABILITIES			
Accounts payable		\$10 039 429	\$ 4 819 967
Dividends payable		684 289	607 093
Accrued liabilities		4 094 671	3 292 259
Federal taxes on income less U S Government obligations at cost \$2 800 000 and \$1 905 454		620 261	—
Long term debt—current portion		1 000 000	1 000 000
Total Current Liabilities		<u>16 438 650</u>	<u>9 719 319</u>
LONG TERM DEBT less current portion		18 500 000	10 000 000
RESERVES FOR SELF INSURANCE		1 328 413	1 420 051
DEFERRED FEDERAL TAXES ON INCOME		2 500 000	1 800 000
STOCKHOLDERS EQUITY			
Cumulative serial preference stock—no par authorized 750,000 shares outstanding 250 000 shares \$1 40 convertible Series A		8 250 000	—
Common stock—\$5 par authorized 3 000 000 shares outstanding 1 982 654 and 2 021 095 shares after deducting 85 000 and 46 559 shares in treasury		9 913 270	10 105 475
Capital surplus		785 383	1 617 601
Retained earnings		<u>36 822 399</u>	<u>35 086 274</u>
Total Stockholders Equity		<u>55 771 052</u>	<u>46 809 350</u>
		<u>\$94 538 115</u>	<u>\$69 748 720</u>

tegral part of this balance sheet

THE EAGLE-PICHER COMPANY AND DOMESTIC SUBSIDIARIES

STATEMENTS OF CONSOLIDATED PROFIT AND LOSS AND RETAINED EARNINGS

YEARS ENDED NOVEMBER 30 1964 AND 1963

	1964	1963
INCOME		
Net sales	\$130 674 203	\$116 183 896
Other income	<u>202 035</u>	<u>519 927</u>
	<u>130 876 238</u>	<u>116 703 823</u>
COSTS AND EXPENSES		
Manufacturing and production costs	108 753 131	97 543 194
Selling and administrative expenses	10 801 869	9 148 453
Depreciation depletion and amortization	3 271 548	2 878 079
Interest	<u>438 602</u>	<u>443 271</u>
	<u>123 265 150</u>	<u>110 012 997</u>
PROFIT BEFORE TAXES ON INCOME	7 611 088	6 690 826
TAXES ON INCOME	<u>3 300 000</u>	<u>3 115 000</u>
NET PROFIT	4 311 088	3 575 826
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>35 086 274</u>	<u>33 946 946</u>
	39 397 362	37 522 772
CASH DIVIDENDS DECLARED		
Preference stock	165 000	—
Common stock	<u>2 409 963</u>	<u>2 436 498</u>
	<u>2 574 963</u>	<u>2 436 498</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>\$ 36 822 399</u></u>	<u><u>\$ 35 086 274</u></u>

The accompanying notes are an integral part of this statement

THE EAGLE PICHER COMPANY AND DOMESTIC SUBSIDIARIES

NOTES AND ACCOUNTANTS REPORT FOR THE FISCAL YEAR ENDED NOVEMBER 30 1964

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS NOVEMBER 30 1964

Inventories are stated at the lower of cost or market with the exception of certain quantities of lead and zinc valued under the base stock method at fixed prices which are lower than cost or market

Under the terms of the agreements relating to the long term debt there are outstanding \$10 000 000 of 3¾ % notes due July 15 1974 and \$9 500 000 of 4⅞ % notes due July 15 1984. The 4⅞ % notes will aggregate \$15 000 000 by September 30 1965 when fully issued and will be payable in annual installments of \$1 250 000 commencing in 1975 with the balance of \$3 750 000 due at maturity. The 3¾ % notes are being repaid in annual installments of \$1 000 000 to maturity.

The notes contain provisions which restrict the amount that may be declared as cash dividends on common stock. The amount not so restricted at November 30 1964 is \$5 500 000.

Each share of Series A preference stock is convertible at any time into 1 1/10 shares of the company's common stock. The issue may not be redeemed prior to June 15 1969 from that date to June 15 1974 it may be redeemed at \$36 per share and at \$33 per share thereafter.

Under a stock option plan approved by the stockholders there are options outstanding at November 30 1964 to purchase 60 000 shares of common stock at prices varying from \$21 to \$27 625 per share. Options for an additional 40 000 shares may be granted in the future.

ACCOUNTANTS REPORT PEAT MARWICK MITCHELL & CO *Certified Public Accountants* CINCINNATI OHIO

THE BOARD OF DIRECTORS
THE EAGLE PICHER COMPANY

We have examined the consolidated balance sheet of The Eagle Picher Company and its domestic subsidiaries as of November 30 1964 and the related statement of profit and loss and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statement of consolidated profit and loss and retained earnings present fairly the financial position of The Eagle Picher Company and its domestic subsidiaries at November 30 1964 and the results of their operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

January 22 1965

PEAT MARWICK MITCHELL & CO

TEN-YEAR SUMMARY

FOR THE FISCAL YEARS 1955-1964							
SOURCE AND APPLICATION OF FUNDS	SOURCE			APPLICATION			
	Net Profit		\$40 720 051	Dividends Paid		\$22 845 118	
	Depreciation Depletion and Amortization		30 108 364	Capital Expenditures		42 064 916	
	Issuance of Preference Stock		8 250 000	Increase in Working Capital		18 220 959	
	Increase in Long Term Debt		3 500 000	Increase in Other Assets		2 878 893	
	Disposition of Fixed Assets		3 369,760	Patents Acquired		2 107 783	
	Deferred Federal Income Taxes		2 500 000	Miscellaneous		330 506	
			<u>\$88 448 175</u>			<u>\$88 448 175</u>	

SALES EARNINGS DIVIDENDS	YEAR ENDED NOV 30	NET SALES	DEPRECIATION DEPLETION AND AMORTIZATION	PROFIT BEFORE INCOME TAXES	NET PROFIT	NET PROFIT PER COMMON SHARE	DIVIDEND PER COMMON SHARE
	1964	\$130 674 203	\$3 271 548	\$7 611 088	\$4 311 088	\$2 11	\$1 20
	1963	116 183 896	2 878 079	6 690 826	3 575 826	1 77	1 20
	1962	116 005 658	2 824 575	6 744 074	3 444 074	1 70	1 20
	1961	109 894 704	2 783 846	4 833 037	2 683 037	1 30	1 20
	1960	120 835 294	2 783 440	7 967 088	4 767 088	2 33	1 20
	1959	120 925 049	2 987 784	9 671 646	4 671 646	2 29	1 10
	1958	98,132 667	3 296 731	3 990 094	2 090 094	1 04	1 10
	1957	117 752 694	3 216 858	7 531 706	4 266 706	2 13	1 10
	1956	116 407 000	3 096 237	11 481 794	5 906 430	2 94	1 00
	1955	114 480 080	2 969 269	10 204 062	5 004 062	2 53	90

BALANCE SHEET HIGHLIGHTS	AT NOV 30	CASH AND U S GOVT SECURITIES	WORKING CAPITAL	PROPERTY PLANT AND EQUIPMENT NET	LONG TERM DEBT	STOCKHOLDERS EQUITY	
						AMOUNT	PER COMMON SHARE
	1964	\$13 291 788	\$37 378 111	\$35 778 092	\$18 500 000	\$55 771 052	\$23 97
	1963	8 038 066	32 029 849	24 587 132	10 000 000	46 809 350	23 16
	1962	5 479 259	29 729 921	25 461,218	11 000 000	45 870 682	22 62
	1961	6 587 542	27 926 337	26 569 140	12 000 000	45 687 278	22 15
	1960	8 574 104	29 632 137	25 191 707	13 000 000	45 081 582	22 03
	1959	14 126 040	30 133 749	24 006 005	14 000 000	43 212 387	21 14
	1958	7 319 071	27 920 267	24 008 928	15 000 000	40 716,257	20 23
	1957	11 472 791	27 786 595	23 549 875	15 000 000	40 858 362	20 37
	1956	13 947 086	27 298 811	24 389 349	15 000 000	38 899 244	19 35
	1955	12 710 610	23 247 257	24 470 614	15 000 000	34 834 412	17 61

*Based on actual number of shares outstanding adjusted to present capitalization

PRINCIPAL PRODUCTS AND PROPERTIES



THE AKRON
STANDARD MOLD COMPANY

PRINCIPAL PRODUCTS—Tire molds airbag molds and bladder molds
★ Collapsible tire building drums—auto and radial ★ Tire building and rubber processing machinery ★ Tire testing machinery ★ Mechanical rubber and fiberglass molds ★ Steel castings ★ Iron castings ★ Precision aluminum castings and retreading equipment ★ Fabric processing equipment ★ Predip and calendar lines

PLANTS AKRON GREENWICH BARBERTON AND CLEVELAND OHIO
STOLFFVILLE ONTARIO



CHEMICALS AND METALS DIVISION

PRINCIPAL PRODUCTS—Zinc and lead chemicals ★ Cadmium ★ Slab zinc ★ Chat ★ Sulphuric acid ★ Fertilizer additives

PLANTS AND MINES *Plants* JOPLIN MISSOURI GALENA AND HILLSBORO ILLINOIS GALENA KANSAS COMMERCE AND HENRIETTA OKLAHOMA LINDEN AND SHULLSBURG WISCONSIN *Mines* TRI STATE DISTRICT (MISSOURI OKLAHOMA KANSAS) ILLINOIS WISCONSIN KENTUCKY



CHICAGO VITREOUS CORPORATION

PRINCIPAL PRODUCTS—Porcelain enamel frits for home appliances plumbing ware lighting fixtures architectural paneling outdoor signs and other products requiring protective finishes ★ Lusterlite all porcelain enameled gasoline service stations

PLANTS CICERO AND PARIS ILLINOIS INGERSOLL ONTARIO



DAVIS WIRE CORPORATION

PRINCIPAL PRODUCTS—Industrial and manufacturers wire ★ Concrete reinforcing wire products ★ Chain link fence fabric ★ Building material wire products ★ Merchant wire products

PLANTS LOS ANGELES AND HAYWARD CALIFORNIA SEATTLE WASH



ELECTRONICS DIVISION

PRINCIPAL PRODUCTS—Special purpose electric power supplies ★ Electronic test instruments and component modules ★ Germanium gallium boron and various electronic metals and compounds ★ Electronic connectors ★ Precision metal products

PLANTS JOPLIN MISSOURI MIAMI AND QUAPAW OKLAHOMA SOCORRO NEW MEXICO



FABRICON PRODUCTS

PRINCIPAL PRODUCTS—Flexible packaging materials ★ Lamin Art decorative plastic sheets ★ Custom impregnated papers textiles and glass cloth ★ Molded plastic parts ★ Automotive parts such as door trim panels trunk liners dash insulator mats and glove boxes

PLANTS RIVER ROUGE MICHIGAN PHILADELPHIA PENNSYLVANIA LOS ANGELES CALIFORNIA GRABILL INDIANA



FIBERS AND MINERALS DIVISION

PRINCIPAL PRODUCTS—High temperature insulating blocks boards cements laminates blankets felts and pipe covering ★ Superglas high temperature inorganic fibers gaskets combustion chamber liners sheets and molded fiber parts ★ Diatomaceous earth filter aids aggregates absorbents catalyst supports insecticide carriers fertilizer conditioners paint fillers paper fillers soil conditioners

PLANTS CLARK AND COLADO NEVADA JOPLIN MISSOURI



THE OHIO RUBBER COMPANY

PRINCIPAL PRODUCTS—Compression transfer and continuous precision molded rubber parts for automotive agricultural equipment electrical appliance and other manufacturing industries ★ Extruded and flocked products ★ Laminations of plastics and elastomers ★ Rubber to metal parts ★ Products of natural rubber standard and special synthetic rubbers silicones and polyurethanes

PLANTS WILLOUGHBY OHIO CONNEAUTVILLE PENNSYLVANIA STRATFORD CONNECTICUT FORT SMITH ARKANSAS

DAVIS WIRE CORPORATION



MAIN PLANT AT LOS ANGELES CALIFORNIA

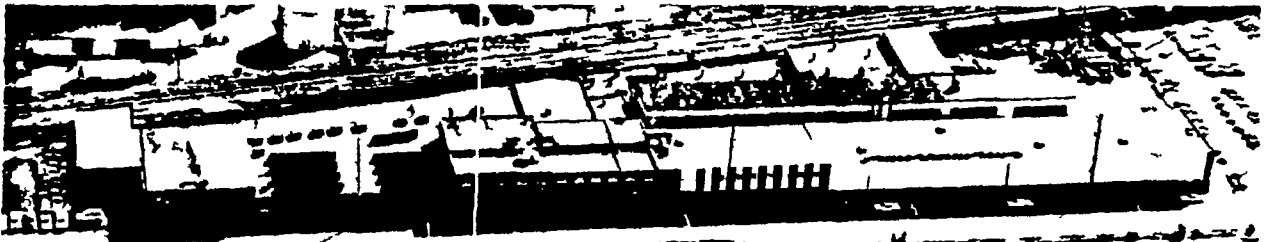


SEATTLE WASHINGTON

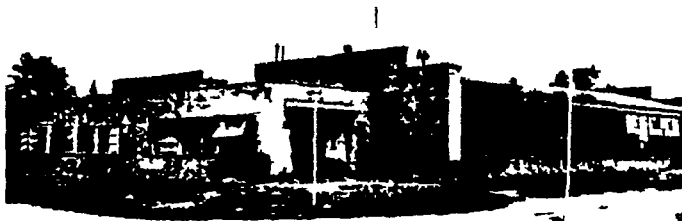


HAYWARD CALIFORNIA

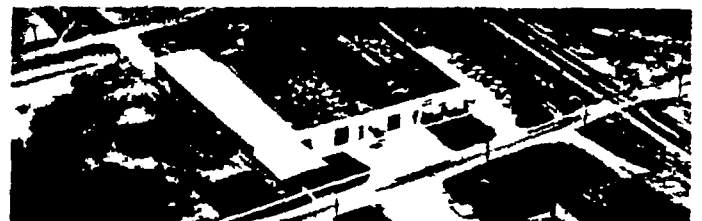
AKRON STANDARD MOLD COMPANY



MAIN PLANT AT AKRON OHIO



AKRON OHIO



GREENWICH OHIO

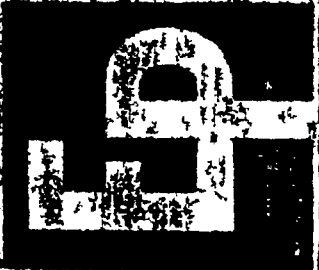


BARBERTON OHIO



CLEVELAND OHIO

EAGLE



PICHER